

Yellowstone County

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SENATE TAXATION

EXHIBIT NO. 3

DATE 4.17.09

BILL NO. SR 36

April 16, 2009

The Honorable Governor Schweitzer
State of Montana
PO Box 200801
Helena, MT 59620-0801

Dear Governor Schweitzer,

The Board of County Commissioners for Yellowstone County are writing in support of the reappointment of Dan Bucks as Director of the Montana Department of Revenue.

We have worked with Dan on our Tax Increment Finance District, as well as our Lockwood Fire District taxation.

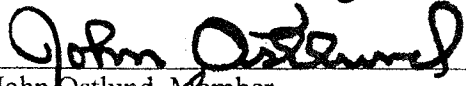
Dan has worked well with us and we would like to see him reappointed to this very important position.

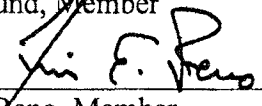
If we can be of further assistance, please do not hesitate to contact us.

Sincerely,

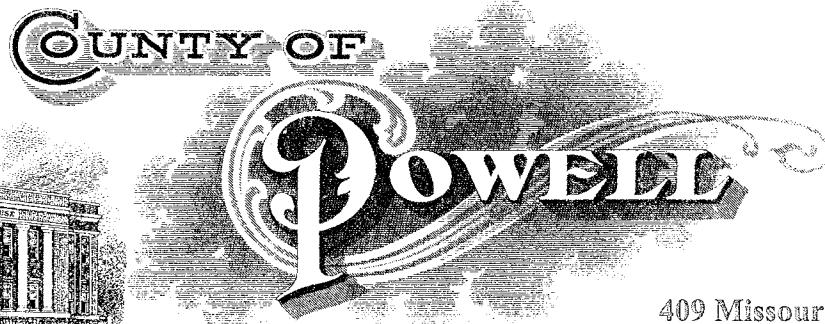
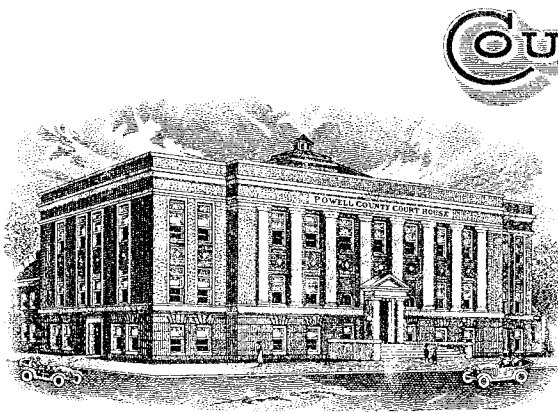
BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA


Bill Kennedy, Chairman


John Ostlund, Member


James E. Reno, Member

BOCC/ptb



409 Missouri Avenue
DEER LODGE MT 59722
Phone 406 846 3680
Fax 406 846 2784

April 6, 2009

Senate Committee on Taxation
Room 405, State Capitol
Helena, MT 59620

Re: Appointment of the Director of Revenue Mr. Dan R. Bucks

Dear Committee Members:

I write to support the appointment of Mr. Dan R. Bucks as the Director of the Montana Department of Revenue. This support comes from a unique perspective – I am currently the Powell County Treasurer, appointed May 1, 2007 and elected November 4, 2008. Prior to this appointment I worked for Mr. Bucks as Department of Revenue's Budget Analyst.

Mr. Bucks is a demanding department director. He expects superior and professional performance from his staff, and he gets it. He expects all taxpayers to be treated fairly and politely. In return, Dan supports his staff and treats them with respect. Dan has a philosophy that just because we are government workers, Department of Revenue especially, does not mean we are second class citizens. Dan believes that employees need the resources and tools to perform their tasks effectively and efficiently.

Mr. Bucks and I were both new to Department of Revenue for the 2007 Legislative Session. At times we clashed – Dan was very passionate about the tax system and tax policy - but with twenty plus years budgeting experience with Montana government, I knew the budgeting system and the legislative appropriation process. Once I got past Dan's passionate communication style, I really heard what he had to say. I learned from Dan that tax laws and policies need to be designed to be fair to everyone and that everyone needs to pay their fair share. The taxpayer bill of rights must be followed to ensure all taxpayers are treated equitably.

As a county treasurer, I work with Department of Revenue staff obtaining taxable values, assessments and other types of information. I have been able to call upon them for assistance and advice regarding various situations. I have found Mr. Bucks and his staff to be very

receptive to working with county governments to streamline the conversion to IRIS and to complete the reappraisal process on time.

I might not always agree with what Dan does or says but I respect him and believe he has the best interests of the state of Montana and the Department of Revenue at heart.

I urge you to vote to confirm the reappointment of Mr. Dan R. Bucks as Director of Department of Revenue.

Sincerely,

Lisa D. Smith
Powell County Treasurer

Re: SR36

Chairman Essmann and members of the Committee on Taxation,

I am writing in support of the re-confirmation of Director of the Department of Revenue, Dan Bucks.

I am a Hill County Commissioner and have served in that capacity for 18 years. I have had the privilege of working with Director Bucks on issues of importance to our county and have found him to be very helpful and willing to look at any concern brought before him. More than once, he has made a special effort to contact our office to include us in discussions regarding natural resource production or appraisal/assessment issues pertaining to our county.

Director Bucks has improved the image of the Department of Revenue, is very approachable, sincere and willing to work towards an amicable solution for all involved. He has a genuine concern for the citizens of Montana and works diligently to assure fair and equitable treatment to all.

Please consider my recommendation and re-confirm Dan Bucks as Director of the Department of Revenue.

Thank you,
Kathy Bessette
Hill County Commissioner

April 8, 2009

Dear Senator

I am writing to give support for Dan Buck's re-appointment as Director of the Department of Revenue.

I met Dan last fall when he came to Bozeman in response to my request for an explanation of the city's taxable valuation for the current tax year. There had been some suggestion by city commissioners that an error had been made.

I was very impressed that a state official would come down to Bozeman to meet with myself, our finance director, and the city manager. He could have responded to me in writing but he went way out of his way to straighten out the confusion. In doing so he opened up a clear line of communication that has been beneficial to the city. He cleared up the confusion surrounding the process used to determine the city's taxable valuation and, in addition he brought along an economist from his department who met with our finance director. The up shot of that was a commitment to provide the city with additional information, as the fiscal year progressed, to assist us in making revenue projections that are as accurate as possible.

Being Director of the Department of Revenue is no easy task. It is human nature for people not to want to pay taxes and of course city's want to see the highest possible taxable valuation to help finance the needs of local government. But it is the job of this official to uphold the law, and that is in the best interests of the State of Montana. In my experience Dan Buck does that and more. His service is appreciated.

In Sincerity,

Kaaren Jacobson, Mayor
Bozeman, Montana

January 11, 2009

To: The State of Montana Legislatures

SUBJECT: Request for Legislative Action concerning the State of Montana, Department of Revenue being allowed to follow the IRS guidelines for tax relief for INNOCENT SPOUSES.

My name is Dennis Almendinger. I have lived my entire life in Avon Montana and for the last 27 years I have been married to Peggy Almendinger. Last year Peggy was found guilty of embezzling \$250,000 from Powell County and was sentenced to 10 years in the Montana Woman's prison in Billings.

I was not aware that she had been taking this money for several years and spending the funds on several additions she had including gambling and alcohol. Her arrest devastated my family and I ended up divorcing her. I can't put into words how hard this entire ordeal was.

The pain and humiliation I suffered was brought to another level 6 months ago when I received a bill from the Montana Department of Revenue for \$16,000 because they wanted me to pay taxes on the money my wife had embezzled. I was in shock because I don't have that kind of money and I didn't know why I should have to pay taxes on what my wife stole, I didn't benefit from her action I was just part of a long line of victims of her actions.

I contacted my accountant and he said the IRS has a rule that they will not make a spouse pay taxes if the person can qualify under the INNOCENT SPOUSE regulations. The main requirement is that the innocent spouse can not have received any of the ill-gotten funds. Secondly they have to have become separated or divorced from their spouse and they had to have filed joint returns.

Powell County had already investigated me and they determined I wasn't part of the embezzlement. My accountant contacted the IRS and that generated a thorough 2-month audit of every dime I received and spent from 2000 to 2007. I spent full time during that time coming up with the records.

I just was notified last week that my records were clear and I was allowed an exemption from any IRS taxes since I was qualified as an innocent spouse.

Both the county and now the Federal IRS had cleared me and still the State of Montana is trying to collect \$16,000 from me because the state does not honor the IRS on this matter. I wrote the Director of the Department of Revenue, Dan Bucks and he understood my dilemma and agreed to postpone further collection activity on my case until this issue could be brought up to you, the legislatures.

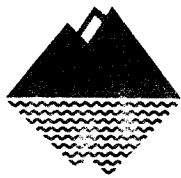
I certainly pled with you to honor the IRS guidelines on this matter of the innocent spouse. I was a victim of this terrible crime that cost me the privilege of a normal

life and it cost me my wife of 27 years and it is just not right to have the state not be allowed to follow the relief afforded US citizens under the Federal guidelines. Only you can stop this insanity of charging a grieving spouse taxes on the event that ruined their life.

The legislature simply has to put their approval on following Federal guidelines on this the same way most other tax cases are followed in Montana and that is to allow for innocent relief provided all Federal requirements are meet.

Thank you, *Dennis Almendinger*

Dennis Almendinger
P.O. Box 303
Avon, Montana 59713
Tel: 406-492-6802



Dan Bucks
Director

Montana Department of Revenue



Erian Schweitzer
Governor

April 7, 2009

Montana State Senate Taxation Committee
Chairman Essmann / Members of the Committee

Re: Letter in support for Re-Confirmation of Director Dan Bucks, Department of Revenue (LC 2360 – Senator Branae)

As President of the Department of Revenue's Union, representing 400 + members, I would like to take this opportunity to support LC2360 and the re-confirmation of our current Director, Dan Bucks. Director Bucks has been the most supportive, innovative, and knowledgeable director that we have had at Revenue in over a decade. He has proven himself to be fair-minded and truly concerned about the employees, as well as the impact his decisions have on the public.

Director Bucks has worked tirelessly to instill confidence with his peers, as well as his employees. He has had an open door policy from the beginning, and encourages positive exchange of information and candid communication. When you talk, he listens, and he remembers your name as well as the conversation. He has worked well with our Union and its members, looking out for our best interests in terms of new job profiles and more pay, so that now our hard working employees are being compensated comparable to the surrounding states. We greatly appreciate his efforts on our behalf, and maintain that he is the most qualified and best Director of the Department of Revenue that we could have.

I encourage you to vote "yes" for the re-confirmation of Director Dan Bucks. His continued leadership and integrity is vital to the Department of Revenue, as well as the people of the State of Montana.

Thank you for your time.

Sincerely,

Beth McKenzie

President
Department of Revenue Local 4993



Public Schools, Public Service

RECEIVED

APR 10 2009

DIRECTOR'S OFFICE

APRIL 10, 2009

TO: Montana State Senate Taxation Committee Chairman Essmann &
Members of the Committee
FR: Tom Bilodeau, MEA-MFT Research *T. Bilodeau*
RE: LETTER IN SUPPORT OF CONFIRMATION OF
DIRECTOR DAN BUCKS – DEPARTMENT OF REVENUE (SR36)

Without personal or professional hesitation, I am very honored to support SR36 and the re-confirmation of Director Dan Bucks as Director of the Montana Director of Revenue.

During the current legislative session I have spent 30+ hearings with Mr. Bucks, and probably as many more in 2005 through 2007, as well as a dozen or more interim committee hearings and other meetings going back over the previous 4 years. I remain convinced that Mr. Bucks is "the" most knowledgeable (both on policy and practical administrative matters) agency director I have encountered, speaks directly and candidly with all parties, knows who he works for and takes very seriously his responsibilities as Director of the Department of Revenue. Director Bucks re-built both the organizational strength of DoR as well as the morale and working relationships among our membership at DoR. The people and State of Montana are very well served by the continued leadership, diligence, and integrity of Dan Bucks as Director of the Department of Revenue.

Please vote "yes" for re-confirmation of Director Dan Bucks at the Committee's and Senate's earliest convenience.

Tom Bilodeau, MEA-MFT Research
tbilodeau@mea-mft.org
800-398-0826 or 406-442-4250
MEA-MFT
1232 E 6th Ave
Helena, MT 59601

cc: Eric Feaver, MEA-MFT President
Erik Burke, MEA-MFT Executive Director

UTAH STATE TAX COMMISSION

210 North 1950 West
Salt Lake City, Utah 84132

April 16, 2009

Honorable Jeff Essmann
Chair
Senate Committee on Taxation
State of Montana

Re: Confirmation of Dan Bucks

Dear Senator Essmann:

I understand that Dan Bucks has been nominated for reappointment as Chair of the Montana Department of Revenue and that his nomination will be considered in your Committee. I would like to express my strong and unqualified support for Dan's reappointment.

I have been a Commissioner on the Utah State Tax Commission for over ten years. During that time I have worked very closely with Dan on a number of multistate tax issues. Dan was Executive Director of the Multistate Tax Commission during my two terms as Chair of that organization. He worked tirelessly to promote simplification and uniformity in state tax laws for multistate taxpayers, while recognizing the overriding principle of state sovereignty. He was also vigilant in ensuring that all taxpayers comply with their obligations, as determined by the legislatures of the various states. Prior to my appointment to the Utah Tax Commission, I practiced law for 17 years representing primarily large taxpayers with multistate activities (including some who had oil and gas interests in Montana). As such, I was keenly aware of the compliance challenges faced by many of our taxpayers and I appreciated Dan's efforts to promote simplification and uniformity.

My contact with Dan has continued since his appointment to the Montana Department of Revenue. He still vigorously promotes the cause of state sovereignty. He has worked diligently to ensure that out-of-state and multistate taxpayers pay their fair share of tax to Montana. I know that Dan appreciates and understands the burdens our tax systems put on many of our taxpayers. I know that his primary motivation is to ensure that the tax burden is fairly distributed among those taxpayers in accordance with the laws the Montana legislature has enacted.

Dan is energetic and devoted. He will aggressively pursue the best interests of the citizens of Montana, as he perceives them. As such, he will attract controversy. I am confident, however, that the citizens of Montana will be well-served by his reappointment. I am confident that other Western states will continue to benefit by his

efforts, if he is confirmed. I am confident that the vast majority of taxpayers in all of our states, who are doing the best they can to comply with complex tax laws and burdensome compliance obligations, ultimately benefit from the vigorous and even-handed enforcement of our tax laws. Dan is committed to such vigorous and fair enforcement. I urge you and your committee to carefully consider and then support of his nomination.

Respectfully submitted,

/s/ R. Bruce Johnson

R. Bruce Johnson
Commissioner

Nelson, Bruce

From: Bucks, Dan
Sent: Thursday, February 12, 2009 7:45 AM
To: Bob Story (robertstory727@msn.com); Carol Williams (cwilliams@montanads1.net); 'Bob Bergren'; Scott Mendenhall (smendenhall@ineva.com); Lake (Rep.); Bob; Keith Bales (senbales@wbaccess.net); jon Sesso (jon Sesso@yahoo.com)
Cc: Ewer, David; Nelson, Bruce; Harper, Hal; Schenck, Clayton
Subject: FW: Revised Income Tax Data

President Story, Speaker Bergren, Sen. Williams, Sen. Bales, Rep. Mendenhall, Rep. Lake, and Rep. Sesso,

The confusion that arose yesterday concerning the income tax data supplied by the Department of Revenue to the Legislative Fiscal Analyst and OBPP has been resolved with Clayton Schenck. I appreciate greatly Clayton's constructive message below that acknowledges the high level of service and cooperation that our department has provided to his office.

Also included below is the message that I sent to Clayton yesterday on this issue that includes some helpful information on the topic.

Thank you for your attention to these matters.

Dan Bucks
Director of Revenue

From: Schenck, Clayton
Sent: Wednesday, February 11, 2009 7:31 PM
To: Bucks, Dan
Subject: RE: Revised Income Tax Data

Dan,

I don't disagree with your comments in your email below, with the caveat that I don't believe I did, and certainly did not intend, to give the impression that DOR hasn't provided us information that we requested. As I told you in my phone call, I commit to work with you to reaffirm, as this office has done in the past, that you have been done a great deal for us, and yes, more than any time in legislative history, have given us more data than ever before, including some by your own initiative. In fact, I have already initiated that effort. I believe both you and I have been caught in the cross-fire of a much bigger issue, and that we are there not because of my email, but other issues that would have played out anyway. My email was an attempt to curb misperceptions and anger already polluting the process.

I look forward to sitting down with you soon to work out your concerns.

Clayton

From: Bucks, Dan
Sent: Wednesday, February 11, 2009 6:04 PM
To: Schenck, Clayton

Subject: RE: Revised Income Tax Data
Clayton,

I would ask you to correct the impression created by your earlier e-mail message that the Department of Revenue has not provided the fully processed and complete information to which your office is entitled as of the dates you have requested them. I would also appreciate some acknowledgment that we are in fact doing more than at any time in legislative history to provide your office with more income tax data than your office has ever received before—even though your office did not make a request for this additional data.

On Monday of this week, the Department of Revenue received questions from OBPP to help them interpret income tax data in the context of their continuing efforts to estimate revenues. We responded by volunteering to them that their questions could be addressed if we ran an updated master file. We then proceeded to undertake extraordinary steps to produce such a file in a very short time frame. We then also informed your office of this extra effort we were making to assist the revenue estimating process. From our perspective, we were going the extra mile to provide more data and service than has ever been requested by either OBPP or your office.

As requested by your office, the Department of Revenue provided a master file on October 29, 2008, that was complete for all income returns fully processed and compiled up to its date of delivery. As your office is well aware, the law allows taxpayers to file extension returns until October 15. The department completes the processing (including error correction) of paper returns submitted from approximately mid-September through the final due date in December. Because both your office and OBPP request an income tax file in October of each year, it is obviously impossible for this department to include in that data file returns for which processing is not complete until December. Although these facts are commonly understood by your office and OBPP, neither office has, during my tenure, ever requested an updated income tax file in January or February after the department has completed processing of all extension returns.

At approximately 1:25 pm today, the Department of Revenue submitted complete statistics relevant to revenue estimating that reflects returns filed and processed by the department through December 31, 2008. The department is also preparing an additional income tax master file with taxpayer specific returns filed and processed as of December 31, 2008. We are currently cross-matching data to accomplish the removal of federal tax information from this file that federal law prohibits the department from providing to your office and OBPP—a process that was recognized in the state legislation that our offices worked on during the last session. This taxpayer specific file with the federal tax information removed will be available in approximately 48 hours. In the meantime, we are prepared to provide additional summary statistics to assist your office until the taxpayer specific file is available.

Dan

From: Schenck, Clayton
Sent: Wednesday, February 11, 2009 12:13 PM
To: Bucks, Dan
Cc: Ewer, David; Bob Story (robertstory727@msn.com); Carol Williams (cwilliams@montanadsl.net); 'Bob Bergren'; Scott Mendenhall (smendenhall@ineva.com); Lake (Rep.); Bob; Keith Bales (senbales@wbaccess.net); jonsesso@yahoo.com
Subject: Revised Income Tax Data

Dan,

This office has been informed by OBPP and DOR that DOR provided income tax data to this office on October 29, 2008 that did not include a significant number of returns. Irrespective of any valid reasons that the data was incomplete, we were not aware of it, and that information became the basis for our revenue estimates to the Legislature. Yesterday, you informed Terry Johnson that you would be providing revised income tax data to include the returns not included in the October data, and that the revised information could have a substantive impact on our revenue estimates. The timing of disclosure of this new information is unfortunate, since our office is scheduled to provide a revised revenue estimate report on Friday, and it puts this office in a difficult position. However, since we have been informed that the underlying assumptions for income tax were based on incomplete data, this office has an obligation to review the revised information and report

our findings to the legislature.

I cannot overstate the urgency of getting the revised data to this office at the earliest possible time. The revelation of this new data is causing a great deal of turmoil among legislators, as the Legislature is at a critical point where it needs the most complete and accurate information possible to act on the revenue estimate resolution and to keep the budget process moving forward. You told Terry that you would attempt to get the revised data to him by close of business today. Even if received today, it will delay the delivery of our revised revenue estimate report to the legislature, as we will need time to analyze the information and revise the estimates based on the new data. If the information is not received by 6:00 p.m. today, it is unlikely that the information will be included in our revised estimate report.

Any assistance you can give us in the most timely delivery of this revised data is appreciated.

Thanks!

Clayton